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April 6, 2010

TO: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **COMMUNITY AND SENIOR SERVICES - MONITORING REVIEWS OF  
WORKFORCE INVESTMENT ACT/AMERICAN RECOVERY AND  
REINVESTMENT ACT SUMMER YOUTH EMPLOYMENT PROGRAM  
SERVICE PROVIDERS SUMMARY**

At the request of Community and Senior Services (CSS), we completed program, fiscal and administrative monitoring reviews of all 17 Workforce Investment Act/American Recovery and Reinvestment Act Summer Youth Employment Program (WIA/ARRA SYEP) service providers.

The WIA/ARRA SYEP focuses on work-based training for youth and young adults between the ages of 14 and 24. The goal of the program is to encourage youth to remain in school, develop career goals and secure employment. As part of our review, we visited 127 (15%) of the 835 WIA/ARRA SYEP worksites during July and August 2009. WIA/ARRA SYEP contractors were compensated on a cost reimbursement basis. CSS paid the 17 contractors approximately \$7.3 million in WIA/ARRA SYEP funds.

**Review Summary**

We identified questioned costs totaling \$278,107. The questioned costs related to unsupported program expenditures (\$197,066) and the cost of services provided to individuals not eligible for program services (\$81,041). In addition, the WIA/ARRA SYEP contractors did not always comply with other WIA/ARRA SYEP and County contract requirements. For example, of the 17 WIA/ARRA SYEP contractors:

- Nine (53%) contractors that received cash advances did not maintain their cash advances in a separate Federal Deposit Insurance Corporation interest bearing account as required.
- Eleven (65%) contractors did not obtain criminal record clearances for individuals who worked with the youth participants as required.
- Eight (47%) contractors did not accurately report the participants' program activities into the Job Training Automation System.
- Thirteen (76%) contractors did not maintain mandatory forms, such as applications, work readiness pre and post tests, Individual Service Strategy Plans and/or work permits.

In addition, the worksites used by the WIA/ARRA SYEP contractors did not always comply with WIA/ARRA SYEP requirements. Specifically, of the 127 worksites visited:

- 74% of the worksite operators did not place exit signs in visible locations, maintain cleared exit ways or appropriate clearances around electrical panels, post emergency evacuation plans, label stored chemicals and secure top heavy equipment and shelves over 4 feet tall.
- 84% of the worksites visited did not post the Industrial Welfare Commission Wage Order, Minimum Wage, Pay Day, Cal/OSHA Rules and Regulations, Workers' Compensation, Discrimination in Employment is Prohibited by Law, State Disability and/or Unemployment Insurance notices in clear view as required.
- 72% of the worksite operators did not maintain copies of the worksite agreements, work readiness evaluations and listings of the WIA/ARRA SYEP participants and their assignments/work schedules as required by WIA/ARRA SYEP.

Attachment I summarizes the findings for each service provider that provided SYEP services from May through September 2009. Attachment II summarizes the findings for each worksite visited during July and August 2009.

### **Review of Report**

We discussed our findings with CSS and the WIA/ARRA SYEP service providers. CSS has taken action to address the contractors' lack of documentation to support the participants' eligibility for program services. Based on the number of service providers with insufficient eligibility documentation noted during our review (see Attachment I, column B), in January 2010, CSS recommended that all WIA/ARRA SYEP service providers review all case files to ensure appropriate documentation was obtained to support the participants' eligibility.

CSS will issue a separate response to your Board on the actions they have taken to resolve the issues noted in our review. Because of the number of service providers, copies of individual reports were not enclosed but are available for your review. Please call me if you have any questions, or have your staff call Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachments

c: William T Fujioka, Chief Executive Officer  
Cynthia D. Banks, Director, Community and Senior Services  
Dr. Dennis W. Neder, Workforce Investment Board Chair  
Fred Smith, Workforce Investment Board Vice Chair  
Public Information Office  
Audit Committee

Community and Senior Services  
WIA/ARRA SYEP Monitoring Reviews - Summary of Findings  
May 1, 2009 through September 30, 2009

Attachment I

#	Service Providers	Contract Amount	No. of Recommendations	Dollar Findings							
				A	B (2)	C	D	E	F	G	Total (2)
1	Asian American Drug Abuse Program, Inc.	\$ 28,682	8	(1)	\$ 2,233	X	(1)	N/A			\$ 2,233
2	Catholic Charities of Los Angeles, Inc.	\$1,400,956	17	(1)	\$ 14,210	X	(1)	N/A	\$ 2,997	X	\$ 17,207
3	City of Compton - Compton Careerlink	\$ 574,612	8	(1)		X	(1)	N/A	\$ 400	X	\$ 400
4	Communities In Schools	\$ 196,954	2				(1)	(1)			\$ -
5	Door of Hope Community Center, Inc.	\$ 184,081	13	(1)	\$ 752			(1)	\$ 2,574	X	\$ 3,326
6	Goodwill Industries of Southern California - Baldwin Park	\$ 740,392	18	(1)	\$ 16,151	X	(1)	(1)	\$ 1,898	X	\$ 18,049
7	Goodwill Industries of Southern California - Pomona	\$ 341,437	16	(1)	\$ 9,714	X	(1)	(1)	\$ 1,871	X	\$ 11,585
8	H.S. Consortium of the East San Gabriel Valley dba LA WORKS	\$ 822,601	8	(1)	\$ 1,584			(1)	\$ 176,364		\$ 177,948
9	Hub Cities Consortium	\$1,675,573	13	(1)	\$ 14,110	X	(1)	(1)		X	\$ 14,110
10	Jewish Vocational Services	\$ 93,411	13		\$ 8,348	X	(1)	N/A	\$ 300	X	\$ 8,648
11	Los Angeles County Office of Education	\$ 974,327	8		\$ 3,968		(1)	N/A	\$ 2,025		\$ 5,993
12	Maravilla Foundation	\$ 267,841	3					N/A	\$ 690		\$ 690
13	Mexican American Opportunity Foundation	\$ 159,632	1					N/A	(1)		\$ -
14	Southeast Area Social Services Funding Authority	\$ 606,903	11	(1)	\$ 3,264	X	(1)	(1)		X	\$ 3,264
15	Special Services for Groups	\$ 245,549	2	(1)			(1)	N/A		X	\$ -
16	Watts Labor Community Action Center	\$ 80,110	10	(1)	\$ 4,787		(1)	(1)	\$ 7,947	X	\$ 12,734
17	West San Gabriel Valley Consortium dba Career Partners - Rosemead	\$ 737,985	8	(1)	\$ 1,920		(1)	(1)		X	\$ 1,920
TOTAL		\$9,131,046	159		\$ 81,041				\$ 197,066		\$ 278,107

**Code Summary**

- A** Sufficient internal controls were not maintained and/or the service provider was not in compliance with various WIA/ARRA SYEP and County contract requirements.
- B** Adequate documentation was not maintained in the participants' case files to support the participants' eligibility to receive program services.
- C** Participants' program activities were not accurately reported and/or updated on the Job Training Automation System within the required timeframe.
- D** Mandatory forms were not completed and/or maintained in the participants' case files.
- E** Cash advances were not maintained in a separate FDIC-insured, interest bearing account.
- F** Program expenditures were not adequately supported by appropriate documentation.
- G** Criminal record clearances, which include fingerprinting, were not obtained as required.

**Footnotes**

- (1) There may be questioned cost associated with this finding. However, due to limited information provided during our review, we were unable to determine the dollar value of the finding.
- (2) Questioned costs were determined based on a sample period. We recommended that CSS management determine the total direct and indirect questioned costs associated with providing services to ineligible participants and require the service providers to repay CSS for the unallowable costs.

#	Service Providers	No. of Worksites Visited	No. of Worksites Per Finding										Total Findings
			A	B	C	D	E	F	G	H	I	J	
1	Asian American Drug Abuse Program, Inc.	2					1	2					3
2	Catholic Charities of Los Angeles, Inc.	12	10	7	1	2	12	11					43
3	City of Compton - Compton Careerlink	7	7	4			5	5					21
4	Communities in Schools	8	3	2			8	7					20
5	Door of Hope Community Center, Inc.	8	7	5		1	6	6		1			26
6	Goodwill Industries of Southern California - Baldwin Park	4	3	1			3	4					11
7	Goodwill Industries of Southern California - Pomona	2	2			1	1	2					6
8	H.S. Consortium of the East San Gabriel Valley dba LA WORKS	14	11	6		1	10	9		1	1		39
9	Hub Cities Consortium	14	9	8		3	13	13			2	1	49
10	Jewish Vocational Services	4	3	1			3	4					11
11	Los Angeles County Office of Education	7	7	1			6	5					19
12	Maravilla Foundation	5	4	1			5	2					12
13	Mexican American Opportunity Foundation	5	3		1	1	4	3	1				13
14	Southeast Area Social Services Funding Authority	7	4	1			5	5					15
15	Special Services for Groups	8	6	2	1	1	8	7					25
16	Watts Labor Community Action Center	7	5			1	6	4					16
17	West San Gabriel Valley Consortium dba Career Partners - Rosemead	13	8	5		1	11	5					30
<b>TOTAL</b>		<b>127</b>	<b>92</b>	<b>44</b>	<b>3</b>	<b>12</b>	<b>107</b>	<b>94</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>359</b>
<b>% OF TOTAL WORKSITES PER FINDING CATEGORY</b>			<b>72%</b>	<b>35%</b>	<b>2%</b>	<b>9%</b>	<b>84%</b>	<b>74%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>	

### Code Summary

- A** Required documentation such as worksite agreements, job descriptions, time sheets, work readiness evaluations and/or listing of participants were not maintained at the worksite.
- B** Worksites had not been monitored by the Contractor.
- C** Participant duties included disallowed activities, such as working near a swimming pool.
- D** Worksite supervisor did not attend orientation for SYEP supervision and program requirements as required.
- E** Required postings, such as the minimum wage poster, pay day notice, Cal/OSHA rules and regulations notice, worker's compensation, discrimination notice and state disability and unemployment insurance notice were not all posted in clear view.
- F** Worksites were not always in compliance with health and safety regulations.
- G** Worksite supervisor did not complete post-tests as required.
- H** Worksite supervisor did not provide an orientation to the participants.
- I** Worksite was not in compliance with California labor laws. Specifically, at one worksite, a 15 year old participant's duties included occasionally using a ladder to stack items in a retail establishment, which is not allowed. In addition, for two other worksites, participants were not provided breaks as required.
- J** A participant was given the responsibility of backup supervisor at a worksite, which is not allowed.